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New Jersey Bureau of Securities

By: Victoria A. Manning  
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Deputy Attorney General  
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**FILED**

JUN 28 2006

ROBERT P. CONTILLO  
J.S.C.

SUPERIOR COURT OF NEW JERSEY  
BERGEN COUNTY  
CHANCERY DIVISION

PETER C. HARVEY,	)	
ACTING ATTORNEY GENERAL OF NEW JERSEY	)	Civil Action
and FRANKLIN L. WIDMANN, Chief of the	)	
New Jersey Bureau of Securities,	)	Docket No. BER-C-95-05
	)	
	)	
Plaintiffs,	)	CONSENT ORDER AND
	)	FINAL JUDGMENT AS
v.	)	TO THE DEFENDANT
	)	ENTITIES
WELLESLEY SERVICES, LLC,	)	
a New Jersey Limited Liability Company	)	
f/k/a WS SURVIVOR, L.L.C., et al,	)	
	)	
Defendants.	)	

This matter was presented to the Court by Peter C. Harvey,  
then Acting Attorney General of New Jersey, and Franklin L.  
Widmann, Chief of the New Jersey Bureau of Securities ("Bureau"),  
(Victoria A. Manning and Toral Makani Joshi, Deputy Attorneys  
General, appearing), pursuant to N.J.S.A. 49:3-69(a), R. 4:52-1

and R. 4:67 for violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., ("Securities Law").

Pursuant to N.J.S.A. 49:3-69 and by order of the Court dated August 28, 2003, Louis T. DeLucia, Esq. was appointed Receiver for defendants Wellesley Services, LLC, Wellesley Energy, LLC, Wellesley Group, Inc., Consolidate Transport America, LLC, Windham Investment Associates, Inc., SRM Associates, Inc., AKB Associates, Inc., Marcus Industries, Inc., Villas & Estates Properties, LLC, Estate Properties, LLC, European Properties, LLC, and Townhouse Properties, LLC, (collectively referred to as the "Defendant Entities"). The Defendant Entities, having appeared through the Receiver by his counsel, Thomas W. Halm, Esq. of Buchanan Ingersoll, now desire to resolve this matter. Plaintiffs and Defendant Entities have agreed to resolve any and all issues in controversy in this action, on the terms set forth in this Consent Order and Final Judgment, which terms have, with the consent of the Bureau Chief and Defendant Entities, been reviewed and approved by the Honorable Robert P. Contillo, J.S.C. as evidenced by entering this Consent Order and Final Judgment.

The following findings of fact and conclusions of law are made with respect to the allegations as to the Defendant Entities as set forth in the Verified Complaint filed in the New Jersey

Superior Court, Chancery Division, Essex County, Harvey v. Wellesley Services, LLC, et al., Docket No. ESX-C-188-03<sup>1</sup>:

- a) The Defendant Entities through their directors, officers, employees, agents and attorneys, acting in concert with each other and certain other defendants named in the Verified Complaint, employed a scheme to defraud investors in violation of N.J.S.A. 49:3-52(a);
- b) Defendants Wellesley Services, LLC, Wellesley Energy, LLC and Consolidate Transport America, LLC through Thomas Giacomaro, their officers, directors, employees, agents, attorneys, successors, subsidiaries and affiliates, acting in concert with each other and certain other defendants named in the Verified Complaint, directly and/or indirectly, omitted material facts and made materially false and misleading statements to investors in connection with the offer and sale of securities;
- c) Each payment by defendants Wellesley Services, LLC, Wellesley Energy, LLC, Consolidate Transport America, LLC and Windham Associates, Inc. through Thomas Giacomaro, their officers, directors, employees, agents, attorneys,

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<sup>1</sup> This matter was transferred from the Superior Court, Chancery Division, Essex County to this Court and assigned the docket number noted in the caption herein.

successors, subsidiaries and affiliates, acting in concert with each other and certain other defendants named in the Verified Complaint, of funds received by defendants Wellesley Services, LLC, Wellesley Energy, LLC and Consolidate Transport America, LLC from or on behalf of investors through the sale of unregistered securities, to a third party for use other than that set forth in the offering documents, in amounts not less than \$73,767,700.00, was an act, practice and course of business which operates as a fraud or deceit upon the investors and others in violation of N.J.S.A. 49:3-52(a);

- d) Defendants Wellesley Services, LLC, Wellesley Energy LLC and/or Consolidate Transport America, LLC are not now and never have been registered as issuers or broker dealers with the Bureau nor are they exempt from registration as broker-dealers. The failure of Wellesley Services, LLC, Wellesley Energy, LLC and Consolidate Transport America, LLC to register with the Bureau as a broker dealer is in violation of N.J.S.A. 49:3-56(a);
- e) Defendants Wellesley Services, LLC, Wellesley Energy, LLC and Consolidate Transport America, LLC employed agents who were not registered with the Bureau in violation of N.J.S.A. 49:3-56(h);

- f) Defendants Wellesley Services, LLC, Wellesley Energy LLC and/or Consolidate Transport America, LLC operated as unregistered broker-dealers and/or issuers in effecting the offer and sale of unregistered securities from, to and within New Jersey; and
- g) The securities offered by Wellesley Services, LLC, Wellesley Energy LLC and/or Consolidate Transport America, LLC were not registered with the Bureau or exempt from registration, in violation of N.J.S.A. 49:3-60;

IT IS on this 28<sup>th</sup> day of June, 2006, ORDERED

AND AGREED:

PERMANENT INJUNCTIVE RELIEF

1. The Defendant Entities, by or through any corporation, business entity, agent, employee, partner, officer, director, attorney, stockholder, successor, and/or any other person who is directly or indirectly under its control or direction, are permanently restrained and enjoined from directly or indirectly violating the Securities Law and, specifically, from engaging in the following conduct:
  - (i) offering for sale or selling, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting securities in any manner to, from, or

within the State of New Jersey and offering for sale or selling, distributing, advising, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting unregistered securities in any manner to, from, or within the State of New Jersey;

(ii) issuing securities or engaging in any securities related activity;

(iii) employing agents whether or not they are registered with the Bureau; and

(iv) engaging in the conduct described in plaintiffs' Verified Complaint filed in this action.

#### RESTITUTION

2. The Defendant Entities are liable to pay restitution in the amount of \$73,767,700.00 to the State of New Jersey, Bureau of Securities. The Defendant Entities' restitution obligation under this Consent Order and Final Judgment shall be joint and several with each co-defendant whom the Court determines is liable to pay restitution in this matter.

#### CIVIL MONETARY PENALTY

3. For each violation of the Securities Law, the Defendant Entities could be assessed a penalty of \$10,000 for the first violation and \$20,000 for each subsequent violation. However in light of the large restitution amount ordered, the public interest is better served by all monies being paid as

restitution, rather than as a penalty to the Bureau of Securities.

#### FINAL JUDGMENT

4. Final judgment is entered against defendants Wellesley Services, LLC, Wellesley Energy, LLC, Wellesley Group, Inc., Consolidate Transport America, LLC, Windham Investment Associates, Inc., SRM Associates, Inc., AKB Associates, Inc., Marcus Industries, Inc., Villas & Estates Properties, LLC, Estate Properties, LLC, European Properties, LLC, and Townhouse Properties, LLC in the amount of \$73,767,700.00.

#### GENERAL PROVISIONS

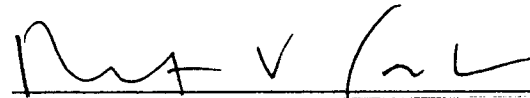
5. This Consent Judgment applies to and is binding upon the Defendant Entities.
6. The parties acknowledge that for the purpose of enforcement of this Consent Order and Final Judgment, New Jersey law shall govern the terms and provisions herein.
7. The parties represent that an authorized representative of each has signed this Consent Order and Final Judgment with full knowledge, understanding and acceptance of its terms and that this person has done so with authority to legally bind the respective party.
8. This Consent Order and Final Judgment constitutes the entire agreement between plaintiffs and the Defendant Entities with respect to the subject matter of the Verified Complaint. Any

addition, deletion or change to this Consent Order and Final Judgment must be in writing and signed by all parties to be bound and approved and signed by the Court.

9. This Consent Order and Final Judgment is entered into by the parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Order and Final Judgment.
10. As used in this Consent Order and Final Judgment, the plural shall include the singular and the singular shall include the plural. In addition, "or" and "and" shall be interpreted conjunctively.
11. Except as otherwise explicitly provided in this Consent Order and Final Judgment, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.
12. If any portion of this Consent Order and Final Judgment is held invalid or unenforceable by operation of law, the remaining terms of this Consent Order and Final Judgment shall not be affected.
13. This Consent Order and Final Judgment shall be binding upon the parties hereto and their successors. In no event shall assignment of any right, power or authority under this Consent Order and Final Judgment avoid compliance with this Consent Order and Final Judgment.

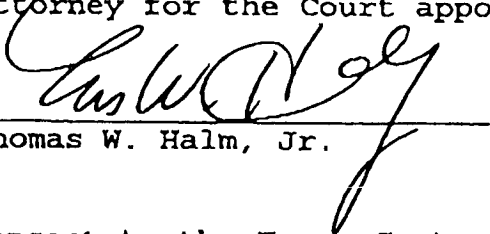


14. Unless otherwise prohibited by law, any signatures by the parties required for entry of this Consent Order and Final Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Order and Final Judgment.

  
\_\_\_\_\_

Honorable Robert F. Contillo, J. Ch.

Consent to the Form, Content  
and Entry of this Consent Judgment:  
Buchanan Ingersoll, PC  
Attorney for the Court appointed Receiver, Louis T. DeLucia

  
\_\_\_\_\_  
Thomas W. Halm, Jr.

Dated: 6/26/06

Consent to the Form, Content  
and Entry of this Consent Judgment:  
Court Appointed Receiver for Wellesley Services, LLC, Wellesley  
Energy, LLC, Wellesley Group, Inc., Consolidate Transport America,  
LLC, Windham Investment Associates, Inc., SRM Associates, Inc.,  
AKB Associates, Inc., Marcus Industries, Inc., Villas & Estates  
Properties, LLC, Estate Properties, LLC, European Properties, LLC,  
and Townhouse Properties, LLC.

  
\_\_\_\_\_  
Louis T. DeLucia

RECEIVER

Dated: 6/26/06

ANNE MILGRAM  
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_  
Victoria A. Manning  
Deputy Attorney General

Dated:

ANNE MILGRAM  
ACTING ATTORNEY GENERAL OF NEW JERSEY

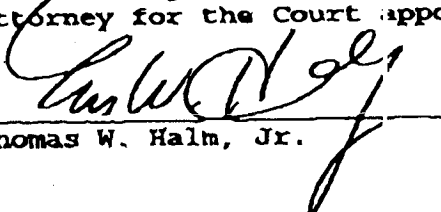
By: \_\_\_\_\_  
Torai Makani Joshi  
Deputy Attorney General

Dated:

Consent to the Form, Content  
and Entry of this Consent Judgment:

Buchanan Ingersoll, PC

Attorney for the Court appointed Receiver, Louis T. DeLucia

  
Thomas W. Halm, Jr.

Dated: 6/26/06

Consent to the Form, Content  
and Entry of this Consent Judgment:

Court Appointed Receiver for Wellesley Services, LLC, Wellesley Energy, LLC, Wellesley Group, Inc., Consolidate Transport America, LLC, Windham Investment Associates, Inc., SRM Associates, Inc., ARB Associates, Inc., Marcus Industries, Inc., Villas & Estates Properties, LLC, Estate Properties, LLC, European Properties, LLC, and Townhouse Properties, LLC.

  
Louis T. DeLucia

Receiver

Dated: 6/26/06

ANNE MILGRAM

ACTING ATTORNEY GENERAL OF NEW JERSEY

By:

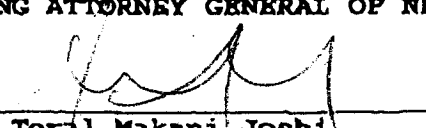
  
Victoria A. Manning  
Deputy Attorney General

Dated: 6/27/06

ANNE MILGRAM

ACTING ATTORNEY GENERAL OF NEW JERSEY

By:

  
Toral Makani Joshi  
Deputy Attorney General

Dated: 6/27/06